



2021 Budget Presentation

November 3, 2020

Via Channel 951

9:30am, 1:00pm, and 3:00pm

Dan Churchill, CFO

Today is Election Day!

Go Vote!



Remember last year?



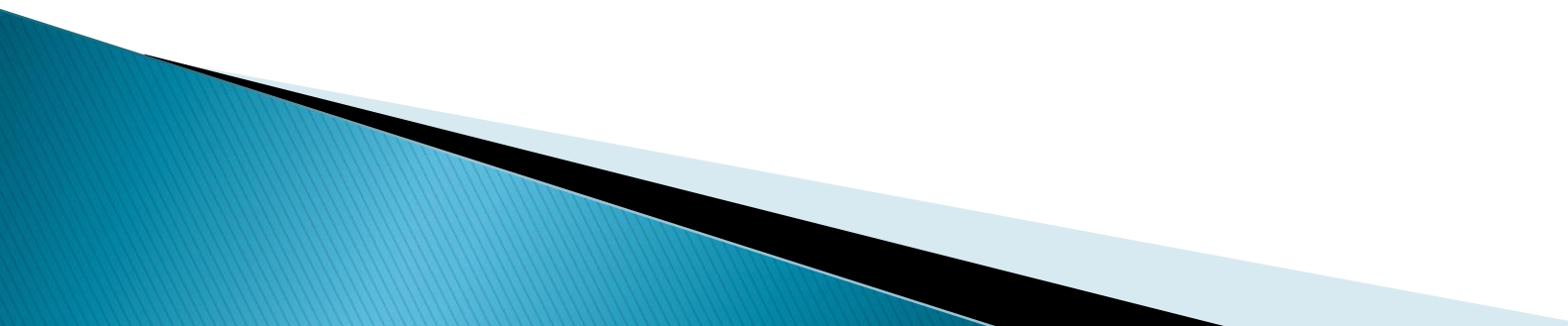
I did not win anything (but I'm not someone who enjoys gambling and casinos)

If You Have Questions

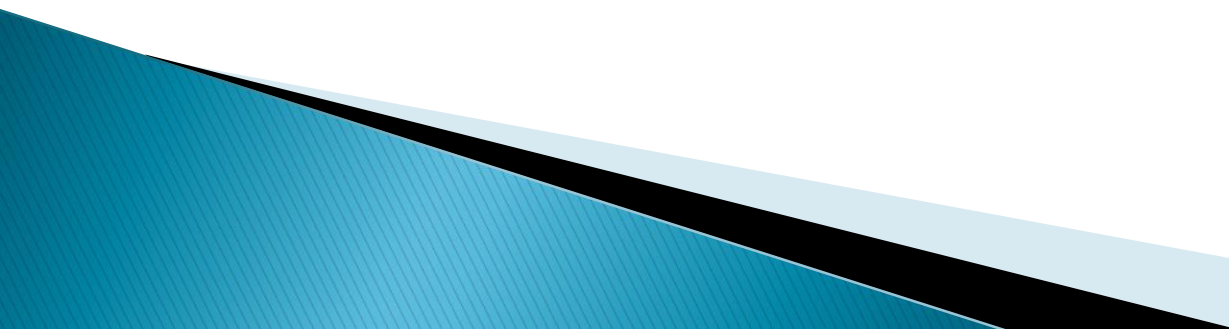
Please send me an email:

dchurchill@admiral.kendal.org

I will be following up with a written communication to residents with the questions received.



What a Year 2020 Has Been!

- ▶ Global Pandemic: COVID-19
 - We have been in this together to make it through.
 - It's been a challenging time for everyone in many different ways.
 - We have also been able to find the many blessings this year has brought to us as well.
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What a Year 2020 Has Been!

- ▶ Global Pandemic: COVID-19 has meant implementing measures to limit its spread:
 - Limiting visitors to The Admiral.
 - Changing the ways in which residents receive meals.
 - Changes in housekeeping schedules
 - Limiting the size of group gatherings
 - Increased use of PPE among employees and residents.
 - Providing residents with regular temperature and symptoms screenings.
 - Providing residents with COVID-19 tests.

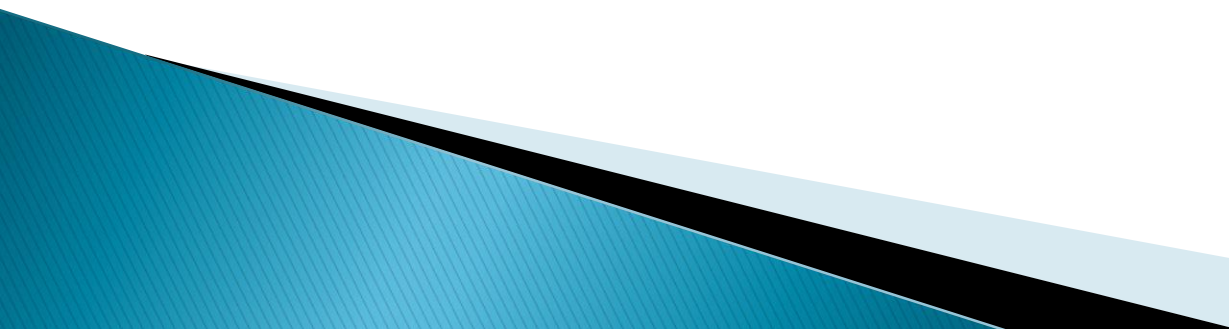
What a Year 2020 Has Been!

- ▶ Global Pandemic: COVID-19
 - Employees have been risking their own health and safety by coming to work every single day, many by public transportation, in order to properly care for residents.

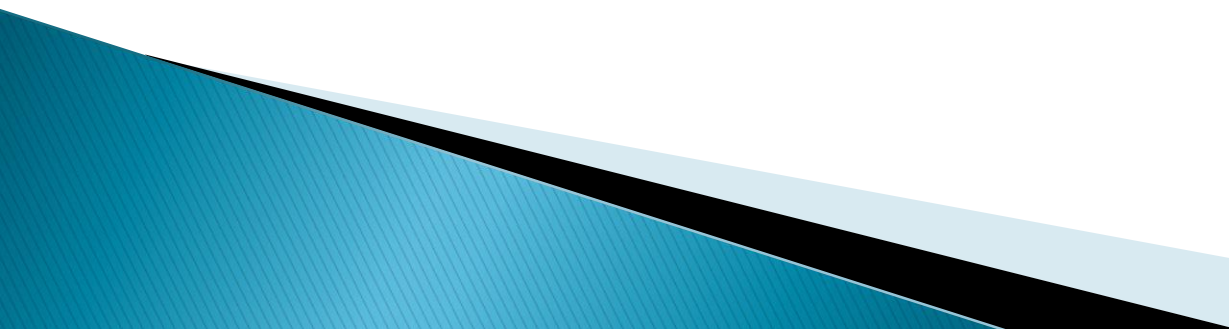
Federal Stimulus

- ▶ The Admiral has been aggressive and able to take advantage of any stimulus funds provided by the Federal Government:
 - We received the PPP loan which we anticipate being 100% forgiven
 - We've received funds through The Department of Health and Human Services (HHS) because we operate skilled nursing and/or Medicare certified.
 - We are being reimbursed some of the wages associated with employees who are on leave because of COVID or have had to care for someone with COVID or provide childcare.

Federal Stimulus

- ▶ As I'm sure you can imagine, these monies have been helpful, but they have not been enough.
 - ▶ We will continue to apply for any new stimulus funds that might become available, especially if through any new legislation.
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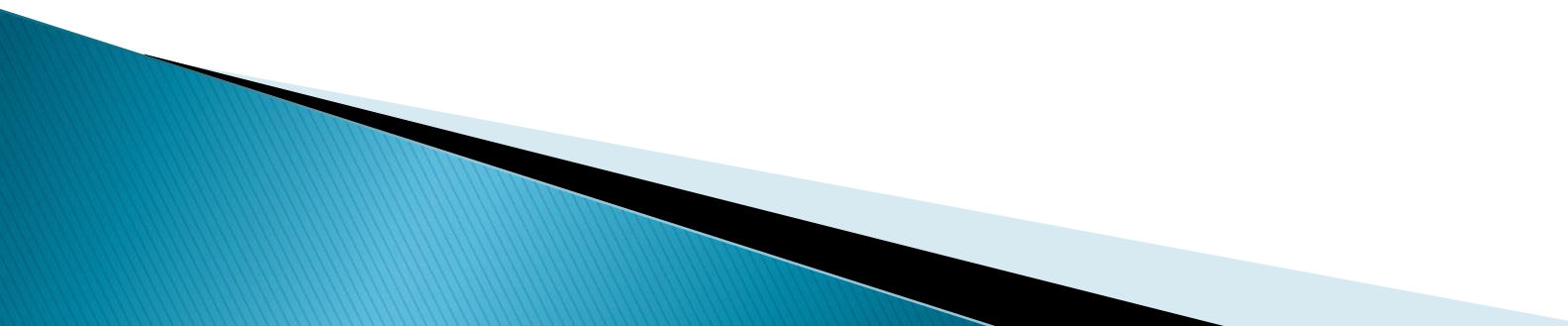
What a Year it Has Been!

- ▶ The 2021 budget was not developed for the short term. It was developed with an eye on the long term game for The Admiral.
 - ▶ Not one side of the complex budget equation, both in terms of revenue and expenses, is giving or taking more than another.
 - ▶ We are still in this together.
 - ▶ There is still uncertainty around COVID-19.
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Budget Process

Resident Input

General Resident Input Throughout 2020

1. Residents were asked to make submissions for consideration
 2. FMLC took this information and submitted a prioritized list
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Resident Input

The resident list prioritized by the following categories:

1. Resident impact
2. Probable cost
3. Technical difficulty



Resident Input

Here is a copy of that list

							RESIDENT	PROBABLE	TECHNIC	
							IMPACT	COST	DIFFICULT	EVAL
										low=likely
INDIVIDUAL UNITS		"smart" thermostats					B	B	A	5
		high voltage heat lamps (in all bathrooms)					B	C	C	8
		sound control & anchoring for kitchen disposals					C	C	B	8
		brighter lighting over stove tops					B	C	C	8
		create window (1 to 4 panes) for air into 15 #xx26 units without opening balcony					C	C	C	9
COMMON SPACES		better temperature control (library, tower halls, etc)					B	C	C	8
		sound control in Waterfront & Bistro					B	B	C	7
		share with residents schedule for regular furniture/carpet repair/replacement					B	A	A	4
		upgrade 6th floor Harbors terrace furniture					A	A	A	3
		reconstruct Bistro eating and Clean-up area for better safety and security					C	C	C	9
DOORS/SECURITY		hallway door to Garden apartments (too heavy/hard for people with walkers)					A	A	A	3
		automatic (rather than push bars) for trash rooms					B	C	B	7
		security cameras in garage					A	C	C	7
		security camera in exercise equipment room					B	B	C	7
		automatic doors [Gathering Room, Garden apt corridor, pool lockers, solarium north]					A	C	B	6
		automatic door exit from Bistro (better for those with walkers)					A	B	B	5
RESIDENT BUDGET PROPOSALS FOR FY2021							REVISED 5/13/2020			Page 2/2
AV EQUIPMENT		[remains the most mentioned]								
		improve in both theater and Gathering Room					B	C	C	8
		better ability to stream Netflix and play BluRay					B	B	B	6
WOODSHOP		expand [see detailed proposal given to Facilities Committee]					A	B, C	C	6,7

Resident Input

THANK YOU!

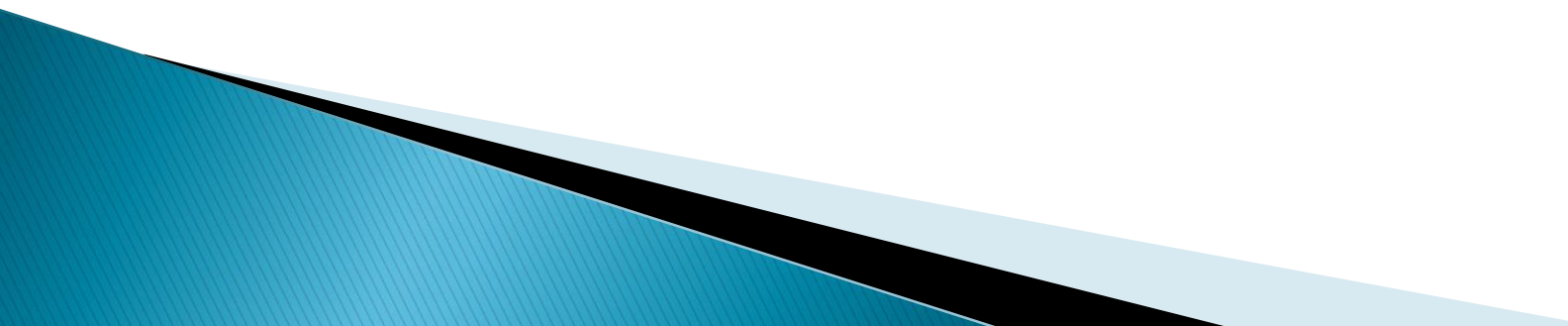
- ▶ To all the residents who made submissions. It is very helpful!
- ▶ To FMLC for taking the time to review all the submissions and prioritizing.



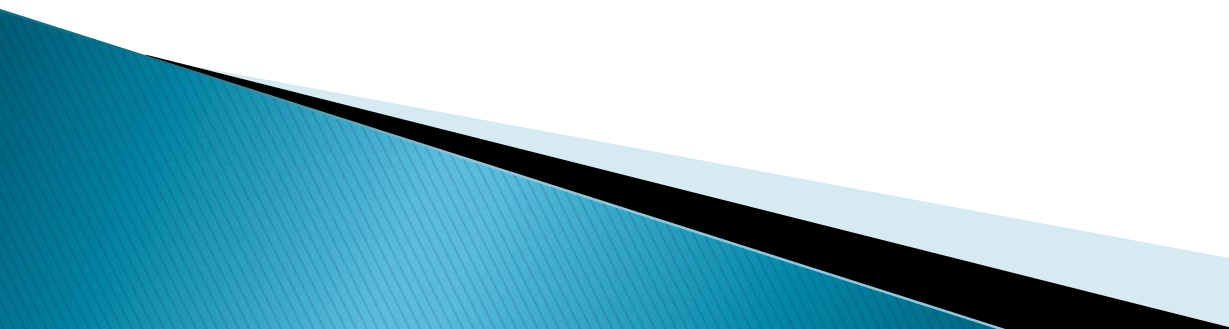
Thank you!

Budget Process

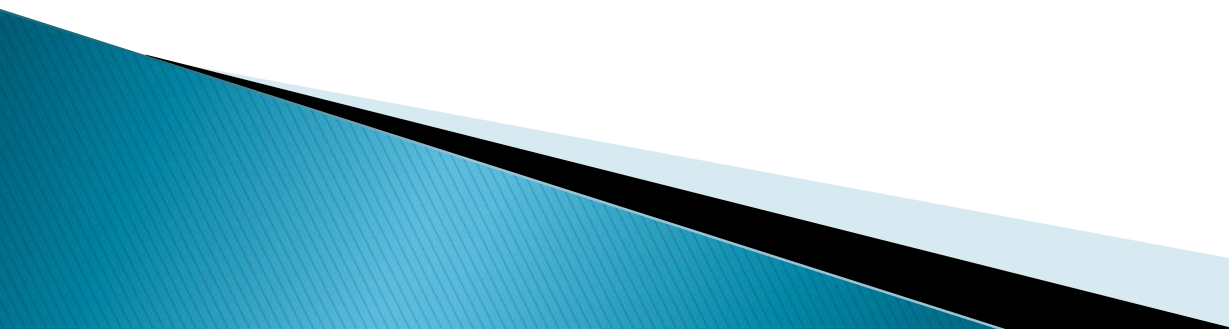
Summer 2020

- ▶ Budget kick off with Department Directors
 - ▶ July: FLC met and we discussed the overall budget process and philosophy to prepare for the work ahead.
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Budget Process

- ▶ October 6: FLC met and we discussed very preliminary budget findings, diving deep into the details and assumptions.
 - ▶ Identified some possible changes to incorporate to understand financial impacts.
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Budget Process

- ▶ October 13: FLC met and we discussed assumption changes and well as implications. This included reviewing 5 different budget models with varying assumptions.
 - ▶ October 23: Budget presented to the Finance Committee of the Board of Directors.
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Budget Process

- ▶ October 27: FLC met and we discussed any last comments or questions since the previous meeting and discussed this presentation.



Budget Process

▶ Thank You FLC!

- Worked hard.
- Asked lots and lots of questions.
- Brought forth the resident perspective and concerns.
- To name a few.

*Thank
you*



Budget Process

October 28: Budget presented to full Admiral Board of Directors for approval.

October 29: Distribute via USPS all rate change letters for skilled nursing residents.

Today – November 3: Presentation of the budget to the resident body.

Budget Process

All other rate change letters will be distributed with the October 31, 2020 statements this week.

Assumptions

Overall Assumptions

Occupancy

- ▶ Independent Living 94%
- ▶ Assisted Living 90%
- ▶ Memory Support 88%
- ▶ Skilled Nursing 92%
- (3 Medicare/Therapy)

- Note all are slightly lower than 2020 budgeted occupancy.

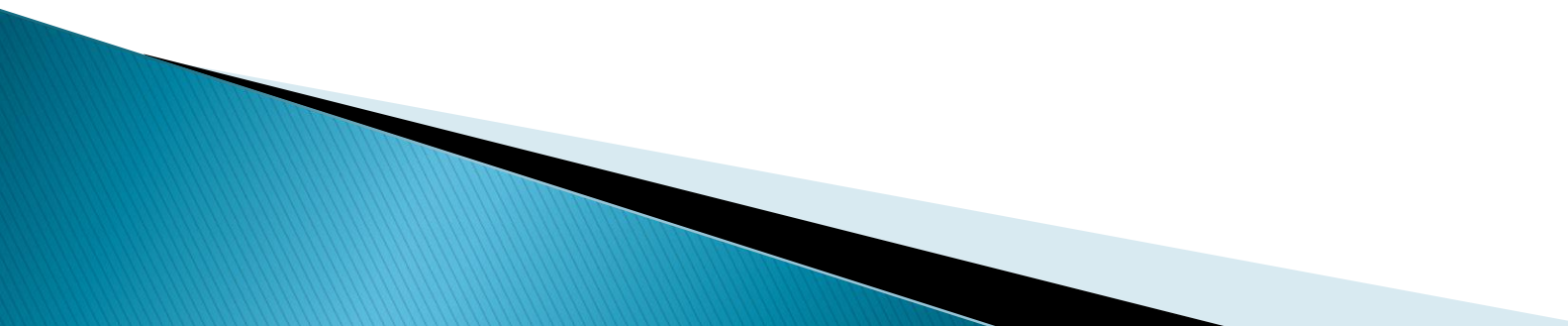
Overall Assumptions

Wage Increases

- ▶ After the budget was approved last year, the City of Chicago, extended the increase of minimum wage by \$1 /hour
 - July 1, 2020: \$14/hour
 - July 1, 2021: \$15/hour
 - Thereafter: Increase with CPI
- ▶ January 1: Wage increase for all employees of 1%.
- ▶ July 1: Minimum wage increase from \$14/hour to \$15/hour. Average 4–5% increase.
- ▶ Minimum wage increase will affect approximately 140 employees in our efforts to reduce wage compression.

Overall Assumptions

Wage Increases

- ▶ We are aware of other communities that have cut wages of employees, some as much as 10%.
 - ▶ We are aware of communities that will not be providing employees with wage increases for 2021.
 - ▶ It feels important to not do this but rather increase wages because of all the hard work employees have provided.
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Overall Assumptions

Insurance INCREASES!

- ▶ Total business insurances are increasing approximately \$150,000 from 2020.
- ▶ Property has an increase of 31%
- ▶ General and Professional has an increase of 42%
- ▶ Auto has an increase of 55%

- ▶ This is an industry-wide issue.
- ▶ Carriers are nervous with the uncertainty around COVID-19.
- ▶ Exploring our options.

Overall Assumptions

Employee Benefits

- ▶ Health Insurance
 - Admiral will pay 75% of the premium. However if the employee participates in the wellness program, Admiral will pay 80%.
- ▶ Long-term and short-term disability
- ▶ Dental and vision
- ▶ Life insurance
- ▶ The Admiral benefits are ranked in the 80th percentile for similar organizations in this geographic area!

Overall Assumptions

▶ Harbors – Staffing Levels

	Staff/Resident Ratio	Hours of Care per Res. Day
Assisted Living	1 / 9.25	2.07
Memory Support	1 / 5.33	3.81
Skilled Nursing	1 / 4.25	4.76

CMS 5-star staffing level for skilled is at least 4.41 total hours of care per resident day. We exceed that level!

Overall Assumptions

- ▶ Capital Budget of \$850,000
- ▶ Total employees: ~200 with no significant changes from 2020
- ▶ Alternative meal program options will continue
- ▶ Financial Assistance:
 - Will provide approximately \$250,000 in financial assistance to residents

Overall Assumptions

- ▶ Historical Monthly Fee Increase:
 - 2016: 3.0%
 - 2017: 4.0%
 - 2018: 3.5%
 - 2019: 2.5%
 - 2020: 3.0%

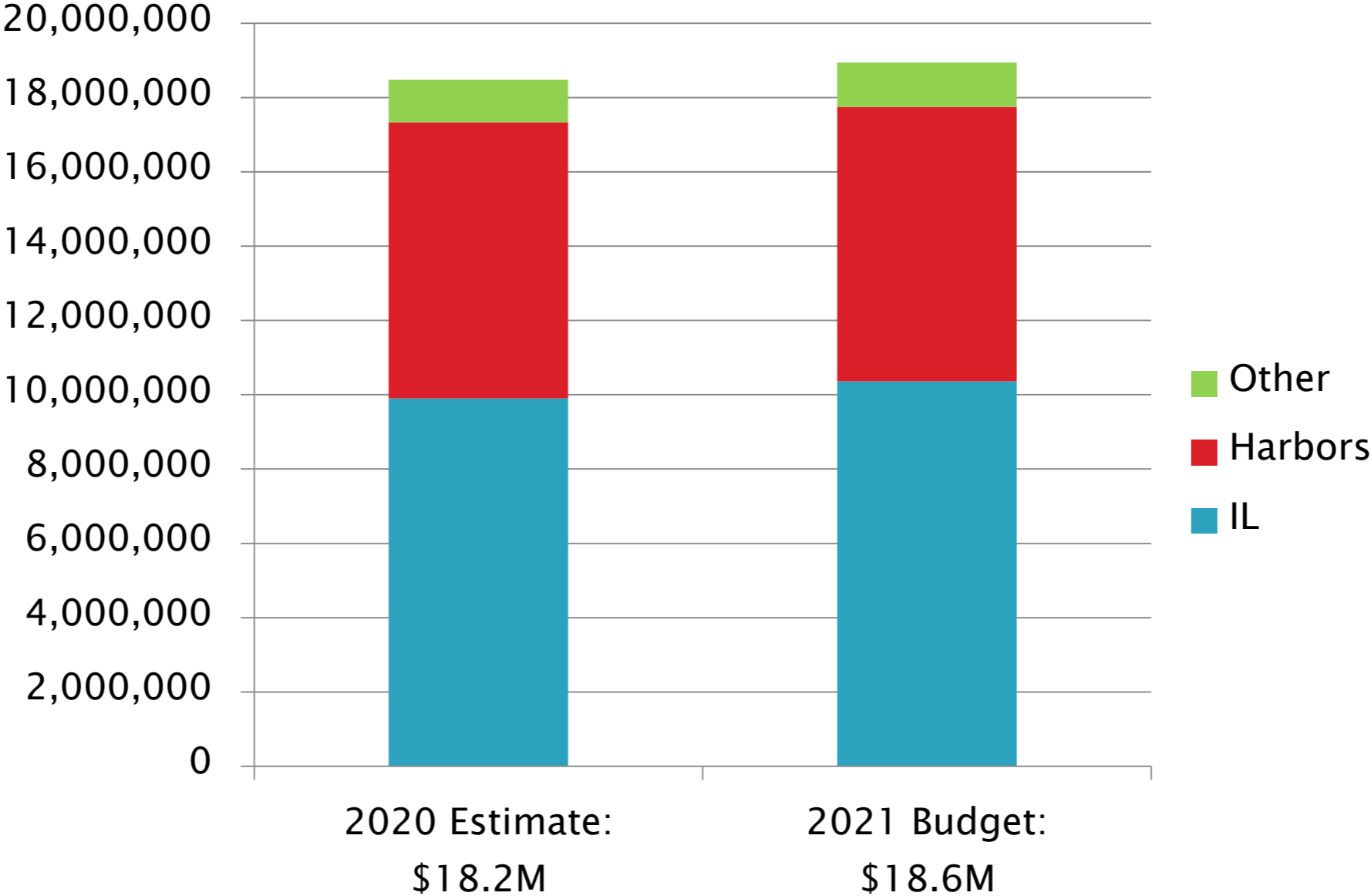
Overall Assumptions

- ▶ Monthly Fee Increase for 2021:

Independent Living/Life Care	
First Person Fee.....	4.0%
Second Person Fee.....	4.0%
Assisted Living (Non-Lifecare)	5%
Mem. Support (Non-Lifecare)	5%
Skilled Nursing (Non-Lifecare)	5%

Operating Revenue

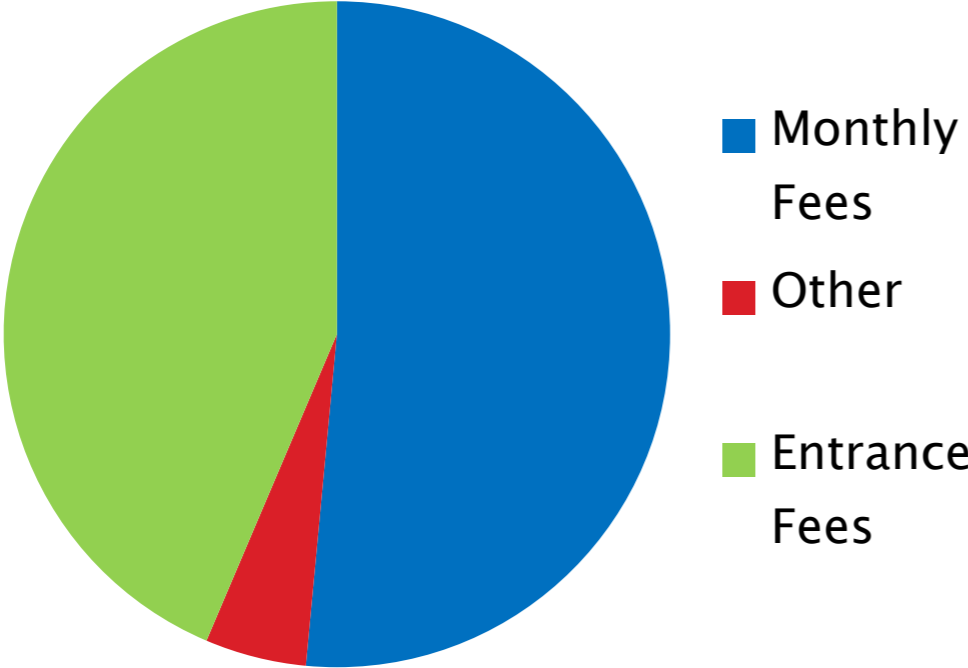
2020 Estimate vs 2021 Budget



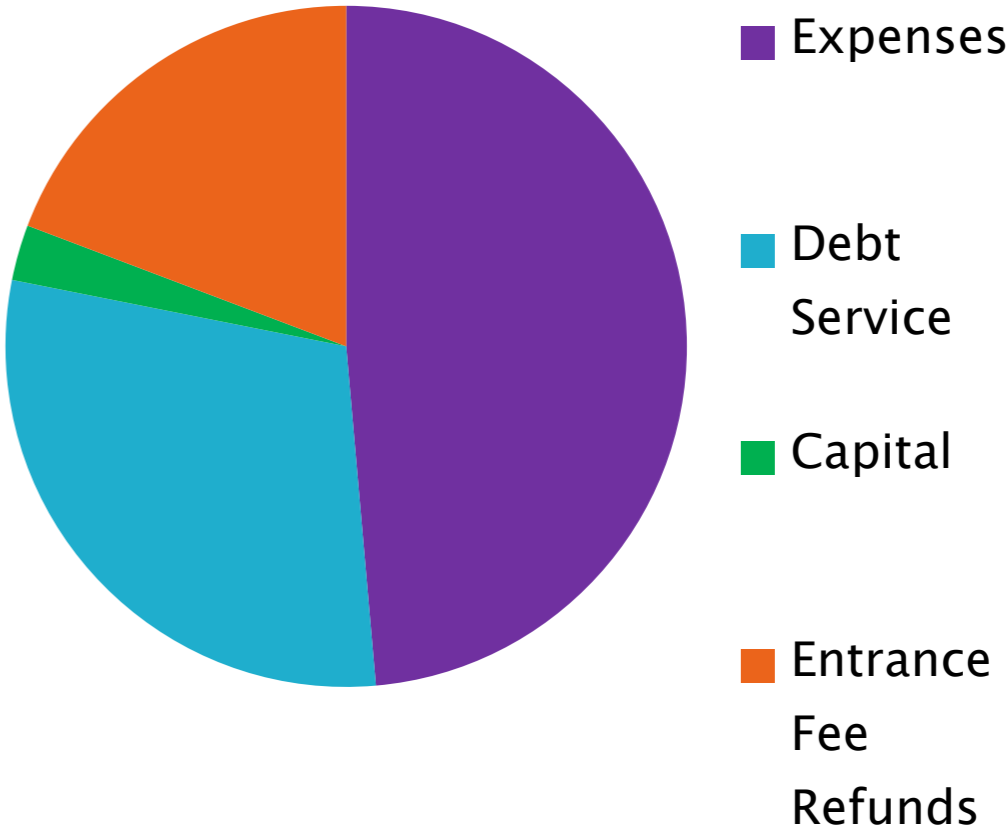
Sources and Uses of Cash

2021 Budget

Sources \$34.6M



Uses \$32.2M



Excess cash will be used to build back our reserves to pre-COVID levels.

What about Inflation?

- ▶ United States Inflation Rate: 1.4%
- ▶ US Wage Inflation:
 - 2.4%: 12-month period ending 9/30/20
 - 0.5%: 3-month period ending 9/30/20
 - Will be interesting to watch this over the next year.

What about the Market?

Market Fee Increases: 3 – 5%

Kendal Fee Increases: 3 – 4%

Market Wage Increases: 0 – 2.5%

(We know communities that have implemented salary cuts)

Kendal Wage Increases: 2.5 – 3%



Questions?

Please submit questions to me at:
dchurchill@admiral.kendal.org

I will follow-up with a written response to questions that will go out in cubbies.